

REMARKS OF
CONGRESSMAN HENRY A. WAXMAN
TO
GROUP HEALTH ASSOCIATION OF AMERICA
FEBRUARY 27, 1989

INTRODUCTION

I HAVE SPOKEN TO THIS ORGANIZATION ON MANY OCCASIONS. IT WAS NOT TOO LONG AGO THAT YOU ALL FIT INTO A SMALL MEETING ROOM. THE GROWTH OF YOUR INDUSTRY, AND THE GROUP HEALTH ASSOCIATION OF AMERICA, IS IMPRESSIVE. IT IS ONCE AGAIN MY PLEASURE TO BE WITH YOU.

IT WILL COME AS NO SURPRISE TO YOU THAT MY VERSION OF THE REAGAN HEALTH LEGACY IS QUITE CRITICAL. HIS IDEA OF LEADERSHIP IN THE HEALTH FIELD WAS TO "SHIFT OR IGNORE." IF HE COULD NOT SHIFT RESPONSIBILITY FOR HEALTH CARE COSTS TO OTHER LEVELS OF GOVERNMENT, HE WOULD SIMPLY IGNORE THE NEED.

AFTER EIGHT YEARS OF NEGLECT, THERE IS MUCH TO BE DONE. THE PROBLEMS IN THE HEALTH AREA ARE PILING UP AND THOSE WHO HAVE BEEN IGNORED ARE CRYING OUT FOR HELP.

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OUR NATION IS DISGRACED BY THE MILLIONS OF PREGNANT WOMEN AND CHILDREN, THE HOMELESS, AND THE WORKING POOR WHO DO NOT HAVE ACCESS TO QUALITY HEALTH CARE SERVICES.

THE GREATEST ECONOMIC AND MILITARY POWER ON EARTH HAS AN INFANT MORTALITY RATE THAT PLACES US IN THE RANKS OF THE THIRD WORLD RATHER THAN THE INDUSTRIALIZED WORLD.

EVEN FOR THOSE WHO LIKE TO CALL THEMSELVES FISCAL CONSERVATIVES -- WHO MEASURE GOOD NOT BY THE PAIN AVERTED BUT ONLY IN DOLLARS AND CENTS SAVED -- THE HEALTH POLICIES OF THE LAST EIGHT YEARS HAVE BEEN A FAILURE.

BUSH ADMINISTRATION

PRESIDENT BUSH SAYS IT IS TIME TO TURN THE PAGE, TO TRY SOME NEW IDEAS. HIS RHETORIC IS WELCOME. HIS PROMISES FOR IMPROVED HEALTH COVERAGE ARE HEARTENING. HIS BUDGET, ON THE OTHER HAND, BELIES HIS EVERY WORD.

IN SHORT, THE BUSH BUDGET IS WORSE THAN REAGAN'S, WITH ONLY A FEW EXCEPTIONS. THROUGH BUDGET WIZARDRY UNPRECEDENTED EVEN IN DAVID STOCKMAN'S TENURE, THE BUSH BUDGET TALKS OF INCREASES WHILE DOING THE OPPOSITE. PROGRAMS LIKE COMMUNITY AND MIGRANT HEALTH CENTERS THAT MR. REAGAN LEFT ALONE, ARE CUT SUBSTANTIALLY. THAT IS NOT THE WAY TO A KINDER AND GENTLER AMERICA.

I HOPE THE EXPLANATION IS THAT MR. BUSH IS ESTABLISHING A NEGOTIATING POSITION. I CONSIDER THE JURY TO BE OUT ON HIS REAL INTENTIONS.

GENERAL BUDGET - MEDICARE

ONE THING IS CERTAIN. OUR PERSISTENT DEFICIT AND THE POLITICS OF DEFICIT REDUCTION WILL CONTINUE TO DRIVE HEALTH POLICY. IN ORDER TO MEET OUR GRAMM-RUDMAN TARGET FOR 1990 OF A \$100 BILLION DEFICIT, THE CONGRESSIONAL BUDGET OFFICE TELLS US WE WILL HAVE TO FIND \$50 BILLION MORE IN CUTS.

MEDICARE WILL UNDOUBTEDLY BE A TARGET FOR CUTS, EVEN THOUGH TOTAL EXPENDITURES IN MEDICARE HAVE BEEN REDUCED BY OVER \$35 BILLION DURING THE LAST EIGHT YEARS. AND THIS IS LIKELY EVEN THOUGH WE DO NOT KNOW WHETHER PREVIOUS CUTS HAVE AFFECTED ACCESS AND QUALITY OF CARE.

THERE ARE SEVERAL REASONS MEDICARE CONTINUES TO BE THE SUBJECT FOR SUCH BUDGET SAVINGS. MEDICARE IS A LARGE POOL TO TAP. IN FISCAL YEAR 1990, IT IS PROJECTED TO COST OVER \$113 BILLION, NEARLY 10 PERCENT OF THE TOTAL FEDERAL BUDGET. YOU HAVE TO STRING TOGETHER A LOT OF OTHER PROGRAMS -- AND GORE A LOT OF OXEN -- BEFORE YOU GET A TARGET THAT BIG TO SHOOT AT.

MEDICARE IS UNDER THE BUDGET AXE BECAUSE OF THE HIGH RATE OF INCREASE IN OUTLAYS. DESPITE OUR EFFORTS AT COST CONTROLS, MEDICARE CONTINUES TO GROW AT TWO AND A HALF TIMES THE RATE OF GENERAL INFLATION.

MEDICARE IS AN EASY TARGET BECAUSE OF THE WIDELY HELD VIEW THAT THERE IS WASTE IN THE PROGRAM THAT CAN BE ELIMINATED WITHOUT DOING ANYONE HARM. THERE IS, IN FACT, SUBSTANTIAL EVIDENCE OF INAPPROPRIATE CARE BEING DELIVERED, AS WELL AS FAIRLY STRONG EVIDENCE THAT WE PAY TOO MUCH FOR SOME SERVICES. UNFORTUNATELY, WE HAVE NOT BEEN PRECISE. WE HAVE MADE GENERAL CUTS IN PROVIDER PAYMENTS AND ASSUMED THAT THE HOSPITALS AND PHYSICIANS WILL KNOW HOW TO CONTINUE GIVING CARE TO THOSE MOST IN NEED.

PHYSICIANS

OUR ATTENTION WILL ALSO BE FOCUSED ON PHYSICIAN PAYMENT ISSUES, AS IT HAS FOR THE LAST FOUR YEARS. WE'RE GOING TO TAKE A CLOSE LOOK AT EVERY OPTION TO REDUCE PHYSICIAN PAYMENT RATIONALLY. SO, RATHER THAN AN ACROSS-THE-BOARD FREEZE OR REDUCTION LIKE WE DID IN 1984 AND 1985, WE ARE LIKELY TO CONTINUE WITH PROPOSALS SIMILAR TO THOSE ENACTED IN 1987. THOSE WERE MOSTLY SELECTIVE REDUCTIONS IN OVERVALUED SERVICES, INCREASES FOR PRIMARY CARE SERVICES AND FOR UNDERSERVED AREAS, AND EFFORTS TO STRENGTHEN THE PARTICIPATING PHYSICIAN PROGRAM.

MEDICAID

LET ME TURN NOW TO MEDICAID. I DON'T OFTEN FIND MYSELF SAYING KIND OR GENTLE THINGS ABOUT REPUBLICAN PRESIDENTS, BUT I DO BELIEVE IN GIVING CREDIT WHERE CREDIT IS DUE. AND I HAVE TO SAY, ON MEDICAID, GEORGE BUSH IS NOT RONALD REAGAN. HE ACTUALLY SEEMS TO RECOGNIZE THAT THE MEDICAID PROGRAM IS THE MOST IMPORTANT SOURCE OF HEALTH CARE FINANCING FOR THE POOR.

IN FACT, AMAZING AS IT SEEMS, HIS BUDGET ACTUALLY PROPOSES TO EXPAND MEDICAID ELIGIBILITY, BY REQUIRING STATES TO COVER ALL PREGNANT WOMEN AND INFANTS WITH INCOMES BELOW 130 PERCENT OF THE FEDERAL POVERTY LEVEL. AS YOU KNOW, OVER THE PAST SEVERAL YEARS, CONGRESS HAS, OVER THE STRENUOUS OBJECTIONS OVER THE REAGAN ADMINISTRATION, EXPANDED MEDICAID ELIGIBILITY FOR PREGNANT WOMEN AND INFANTS IN ORDER TO HELP REDUCE THIS COUNTRY'S DISGRACEFUL INFANT MORTALITY RATE. PRESIDENT BUSH'S PROPOSAL WOULD TAKE US ANOTHER STEP TO WHERE WE EVENTUALLY WANT TO GET: MANDATORY COVERAGE FOR ALL POOR AND WORKING POOR PREGNANT WOMEN AND INFANTS.

UNFORTUNATELY, THE BUSH MEDICAID BUDGET STILL CONTAINS SOME MEAN-SPIRITED REAGANISM. IN PARTICULAR, THE PRESIDENT PROPOSES TO TAKE AS MUCH AS \$310 MILLION FROM THE STATES BY REDUCING FEDERAL MATCHING RATES FOR SO-CALLED "ADMINISTRATIVE" FUNCTIONS.

IF THE FEDERAL GOVERNMENT REDUCES ITS PAYMENTS, THE STATES WILL HAVE THE CHOICE OF EITHER MAKING UP THE LOST FEDERAL DOLLARS WITH THEIR OWN, OR CUTTING BACK ON THEIR MEDICAID PROGRAMS BY LIMITING BENEFITS, ELIGIBILITY, OR REIMBURSEMENT. MY GUESS IS THAT MOST STATES WON'T COME UP WITH NEW DOLLARS, BUT WILL CUT BACK -- PARTICULARLY SINCE THEY WILL HAVE TO FIND NEW DOLLARS JUST TO PAY FOR THE MANDATES WE ENACTED IN THE LAST CONGRESS RELATING TO NURSING HOME REFORM AND WELFARE REFORM.

I AM STRONGLY OPPOSED TO ANY REDUCTIONS IN FEDERAL MEDICAID PAYMENTS TO THE STATES. I HOPE THAT YOU WILL JOIN ME IN GOING TO THE BUDGET COMMITTEES ON BOTH THE HOUSE AND SENATE SIDE AND OPPOSING THIS CUTBACK. YOU UNDERSTAND AS WELL AS ANYONE THAT THE MEDICAID PROGRAM IS UNDERFUNDED, AND THAT MORE, NOT FEWER, FEDERAL RESOURCES ARE NEEDED IF THE PROGRAM IS TO CARRY OUT ITS MISSION OF MAKING BASIC HEALTH SERVICES ACCESSIBLE TO THE POOR.

HEALTH INSURANCE

IN RECENT MONTHS, THE TOPIC OF "NATIONAL HEALTH INSURANCE" HAS SLOWLY BEGUN TO REAPPEAR AS A PUBLIC POLICY ISSUE. IT IS NOT YET CLEAR WHAT THE LONG TERM SIGNIFICANCE OF THIS NEW DEBATE WILL BE. BUT ANY ATTENTION TO PROBLEMS OF HEALTH INSURANCE IS A HAPPY DEVELOPMENT. FOR TOO LONG, WE HAVE FOUGHT TO PROTECT MEDICARE AND REPAIR MEDICAID, AND HAVE WATCHED THE EROSION OF PRIVATE HEALTH INSURANCE COVERAGE.

DURING THE REAGAN ERA, WE HAVE HAD TO FOCUS OUR EFFORTS ON INCREMENTAL CHANGE. WE HAVE HAD SOME SUCCESS, PARTICULARLY IN EXPANDING MEDICAID COVERAGE OF INFANTS, CHILDREN, AND PREGNANT WOMEN.

UNFORTUNATELY, THE PRINCIPAL INCREMENTAL CHANGE THAT HAS TAKEN PLACE HAS BEEN AN INCREASE IN THE NUMBER OF UNINSURED PERSONS BY ONE MILLION PER YEAR FOR THE LAST EIGHT YEARS. MOST DISTRESSING ARE THE 24 MILLION WORKERS AND THEIR FAMILIES WHO HAVE NO INSURANCE THROUGH THEIR EMPLOYMENT.

AS YOU KNOW, IN THE LAST CONGRESS, SENATOR KENNEDY AND I INTRODUCED A BILL TO REQUIRE ALL EMPLOYERS TO PROVIDE A MINIMUM SET OF HEALTH BENEFITS TO NEARLY ALL WORKERS. THAT BILL, THE "MINIMUM HEALTH BENEFITS FOR ALL WORKERS ACT," WOULD HAVE PROVIDED HEALTH INSURANCE FOR NEARLY TWO-THIRDS OF THOSE WHO CURRENTLY ARE UNINSURED. I BELIEVE THAT ALL EMPLOYERS SHOULD DO THEIR SHARE BY PROVIDING INSURANCE TO THEIR WORKERS, AND I HAVE EVERY INTENTION OF CONTINUING TO PRESS FOR THIS.

I AM ALSO VERY CONCERNED ABOUT THE 12 MILLION OR SO PEOPLE WHO STILL WOULD HAVE NO HEALTH INSURANCE EVEN WHEN THE "MINIMUM HEALTH BENEFITS FOR ALL WORKERS ACT" IS ENACTED. THESE ARE PEOPLE WHO ARE NOT YET ELIGIBLE FOR MEDICAID OR OTHER PUBLIC INSURANCE. SO, I AM CURRENTLY DEVELOPING A PROPOSAL FOR COMPREHENSIVE COVERAGE. IT WILL HAVE THE FOLLOWING FEATURES:

--EMPLOYERS WILL BE REQUIRED TO PROVIDE A MINIMUM SET OF HEALTH BENEFITS TO THEIR WORKERS.

--EVERYONE WHO IS NOT COVERED BY THE EMPLOYMENT SYSTEM OR BY MEDICARE WOULD BE COVERED UNDER MEDICAID.

--MEDICAID WOULD BE MODIFIED TO ASSURE DECENT CARE BY WILLING AND COMPETENT PROVIDERS.

--ABUSES IN THE HEALTH INSURANCE INDUSTRY THAT DENY COVERAGE OR STRIP PEOPLE OF COVERAGE THEY THOUGHT THEY HAD BEEN PAYING FOR WOULD BE ELIMINATED.

IT IS MY HOPE THAT WE CAN BUILD ON OUR PRESENT SYSTEM TO ACHIEVE THESE GOALS:

--UNIVERSAL COMPREHENSIVE COVERAGE FOR EVERYONE

--SIMPLIFIED AND MORE EFFICIENT ADMINISTRATION

--FAIR AND PROGRESSIVE FUNDING

I KNOW THAT MANY OF YOU SHARE THESE CONCERNS, AND I LOOK FORWARD TO WORKING WITH YOU AS WE TRY TO ADDRESS THE CRITICAL PROBLEMS WE ARE NOW FACING WITH HEALTH INSURANCE.

AIDS

THE CONGRESS AND THE BUSH ADMINISTRATION ARE READY TO BEGIN ANEW TO PUT TOGETHER POLICY ON THE AIDS EPIDEMIC. AS MANY OF YOU KNOW, LAST YEAR THE CONGRESS PASSED LEGISLATION ON AIDS RESEARCH PROGRAMS, EDUCATION PLANS, AND DEMONSTRATION PROJECTS IN HOME HEALTH CARE. THE HOUSE ALSO OVERWHELMINGLY PASSED LEGISLATION ON AIDS COUNSELING, TESTING, AND CONFIDENTIALITY, ALTHOUGH EVENTUALLY SENATOR HELMS'S THREAT TO FILIBUSTER ENDED THAT BILL IN THE SENATE.

THIS YEAR, I AM RELIEVED TO SAY, IT APPEARS THAT THE AIDS POLICY DISCUSSIONS WILL HAVE SOME WILLING PARTICIPANTS FROM THE ADMINISTRATION. FINALLY WE HAVE AN ADMINISTRATION THAT APPEARS TO BE APPROACHING THE EPIDEMIC AS A PUBLIC HEALTH CRISIS AND NOT AS AN EPISODE FOR SERMONIZING. PRESIDENT REAGAN IGNORED EVERY RECOMMENDATION OF HIS OWN COMMISSION ON AIDS--FROM INCREASED RESEARCHERS TO NON-DISCRIMINATION. PRESIDENT BUSH HAS ALREADY ENDORSED THE FINDINGS OF THAT SAME COMMISSION AND HAS PLEDGED TO MOVE TOWARDS MAKING THEM LAW.

I AM PARTICULARLY CONCERNED THAT WE HAVE EARLY ACTION ON TWO AIDS PROBLEMS: RESEARCH ON PREVENTIVE DRUGS AND FINANCING FOR HEALTH CARE COSTS.

IN THE FIRST AREA, WE MUST EXPAND OUR RESEARCH EFFORTS TO DEVELOP DRUGS THAT WILL PREVENT PEOPLE WHO ARE INFECTED FROM BECOMING ILL. WITH AN ESTIMATED 1 TO 2 MILLION AMERICANS ALREADY INFECTED, THE TIDAL WAVE OF HEALTH CARE COSTS WILL COME DOWN ON US SOON IF WE CANNOT KEEP THESE PEOPLE FROM GETTING AIDS. EVEN AVERTING ONE HOSPITAL STAY PER PATIENT WILL SAVE US HUNDREDS OF MILLIONS.

IN THE SECOND AREA, SOME PLAN FOR PAYING THE HEALTH BILLS FOR THOSE WITHOUT INSURANCE IS ACUTELY NEEDED. PUBLIC HOSPITALS ARE ALREADY STRAINING AT THE SEAMS, AND THE MEDICAID PROGRAM IS PROPOSED FOR CHOPPING. AT THE SAME TIME, THOUSANDS OF AMERICANS ARE WITHOUT ANY SOURCE OF PAYMENT FOR TRULY CATASTROPHIC ILLNESS. AS MORE AND MORE INSURANCE COMPANIES REFUSE TO INSURE INFECTED PEOPLE, THE PROBLEM WILL ONLY GET WORSE.

NO PROPOSALS FOR SUCH FINANCING HAVE BEEN MADE. IT IS TIME THAT WE DO SO.

HMO ISSUES

~~THE BUDGET IS ALWAYS THE DOMINANT TOPIC.~~ LET ME NOW TURN TO OTHER ISSUES THAT I KNOW ARE OF CONCERN TO YOU.

CHANGE IS THE WATCHWORD IN THE HMO FIELD. THE PREPAID, MANAGED CARE BUSINESS IS CHANGING SO FAST, I FEEL THAT I AM SPEAKING TO A DIFFERENT INDUSTRY EVERY TIME I COME TO THIS MEETING.

I EXPECT YOUR ORGANIZATIONS TO EVOLVE TO MEET CONSUMER AND EMPLOYER DEMAND AND YOUR COMPETITION. I WOULD CONSIDER IT MOST UNFORTUNATE, THOUGH, IF HMOS EVER MOVE AWAY FROM YOUR ROOTS. HMOS THAT OFFER COMPREHENSIVE, PREPAID AND WELL MANAGED CARE HAVE DONE SO MUCH TO IMPROVE HEALTH CARE IN THIS COUNTRY.

THE HMO ACT OF 1988

CONGRESS RECOGNIZES THE DYNAMIC NATURE OF YOUR INDUSTRY. IN THE HMO AMENDMENTS OF 1988, WE ATTEMPTED TO GIVE YOU NEW MANEUVERING ROOM. IN THE LAST FEW YEARS, HMOS HAVE UNDERGONE DRAMATIC INCREASES IN ENROLLMENT, NUMBERS OF PLANS, MERGERS AND SHIFTS TO FOR-PROFIT STATUS. YOUR SURVIVAL DEPENDS ON YOUR ABILITY TO EXPAND YOUR MEMBERSHIP AND ATTRACT CAPITAL.

THE OBJECTIVE OF THE LEGISLATION WAS TO PROVIDE GREATER FLEXIBILITY TO HMOS AND EMPLOYERS WHILE MAINTAINING A SOUND FEDERAL QUALIFICATION PROGRAM. I BELIEVE IT GIVES YOU THE OPPORTUNITY TO RESPOND TO THE CHANGING HEALTH CARE MARKET PLACE. I HOPE IT WILL ASSURE THAT THE STANDARDS OF THE HMO ACT SERVE AS THE BENCHMARK FOR THE REST OF THE FIELD.

MANY ARGUED THAT THE HMO LAW IS OUTDATED AND SHOULD BE ELIMINATED. THAT DAY MAY COME. THE FACT THAT YOUR INDUSTRY IS UNDERGOING SO MUCH CHANGE, THOUGH, LEADS ME TO A DIFFERENT CONCLUSION.

I BELIEVE THE NEED FOR CONSUMER PROTECTION MAY ALWAYS REQUIRE A ROLE FOR THE FEDERAL GOVERNMENT IN THE PREPAID HEALTH CARE FIELD. AT THIS TIME, IT IS UNCLEAR WHAT THAT ROLE NEEDS TO BE.

I AM NOT PREPARED TO REPEAL THE HMO ACT UNTIL THERE IS CONSENSUS THAT INDIVIDUALS AND FAMILIES ENROLLED IN HMOS AND OTHER PREPAID, MANAGED CARE PLANS ARE WELL PROTECTED FROM THE LOSS OF CARE. COVERAGE FOR HEALTH CARE IS TOO IMPORTANT TO BE LEFT TO THE MARKETPLACE.

PEER REVIEW

I KNOW THAT MANY OF YOU HAVE EXPRESSED CONCERN ABOUT THE REQUIREMENT THAT PEER REVIEW ORGANIZATIONS REVIEW YOUR AMBULATORY CARE SERVICES. I UNDERSTAND, IN PARTICULAR, THAT YOU CONSIDER IT UNFAIR THAT YOUR ACTIVITIES ARE REVIEWED, BUT SERVICES FURNISHED ON A FEE-FOR-SERVICE BASIS IN PHYSICIANS' OFFICES ARE NOT.

I ALSO UNDERSTAND THAT PROBLEMS HAVE ARISEN WITH RESPECT TO PROVIDING APPROPRIATE MEDICAL RECORDS TO THE PROS FOR THEIR REVIEW.

LET ME TRY TO GIVE YOU SOME SENSE OF OUR PERSPECTIVE AND OUR INTENTIONS REGARDING PRO REVIEW.

WHEN THE PRO ACT WAS PASSED IN 1982, IT WAS OUR INTENT THAT ALL MEDICARE SERVICES -- IN ALL SETTINGS AND BY ALL PROVIDERS -- WOULD EVENTUALLY BE SUBJECT TO UTILIZATION AND QUALITY REVIEW BY PROS. AS A PRACTICAL MATTER, HOWEVER, THE INITIAL EFFORT WAS LIMITED TO INPATIENT HOSPITAL CARE AND THE MAIN EMPHASIS WAS ON UTILIZATION. WE HAD NEITHER THE RESOURCES NOR THE EXPERTISE TO GO BEYOND THAT AT FIRST.

WE HAVE AMENDED THE PRO STATUTE ALMOST EVERY YEAR SINCE 1982. THE MOST CONSISTENT THEMES OF THESE AMENDMENTS HAVE BEEN EXPANSION OF THE RANGE OF SERVICES REVIEWED AND INCREASING THE EMPHASIS ON QUALITY REVIEW.

PROS ARE NOW REVIEWING NURSING HOME CARE AND HOME HEALTH SERVICES, IN ADDITION TO HMO SERVICES. HCFA IS DEVELOPING PILOT PROJECTS FOR REVIEW OF PHYSICIAN OFFICE SERVICES. WE ARE ENCOURAGING THEM TO MOVE AS EXPEDITIOUSLY AS IS PRACTICAL. GIVEN THE EMPHASIS THAT HMOS PLACE ON AMBULATORY CARE, AS A MEANS OF MINIMIZING INPATIENT HOSPITAL CARE, I THINK IT IS CLEARLY APPROPRIATE THAT THIS CARE BE REVIEWED. I ALSO HOPE THAT THE EXPERIENCE GAINED FROM HMO REVIEW WILL IMPROVE AND EXPEDITE REVIEW OF PHYSICIAN OFFICE SERVICES.

WE DO RECOGNIZE THAT REVIEW OF HMO SERVICES PRESENTS NEW AND UNIQUE PROBLEMS THAT WERE NOT EVIDENT IN THE REVIEW OF INPATIENT HOSPITAL

SERVICES. IN PARTICULAR, MEDICARE CONTRACTORS DO NOT HAVE COMPARABLE BILLING INFORMATION FOR HMO PATIENTS AND HMOS OFTEN DO NOT MAINTAIN CENTRALIZED PATIENT RECORDS IN A MANNER THAT FACILITATES PRO REVIEW. IT SEEMS TO ME THESE ISSUES SHOULD BE RESOLVABLE. I AM URGING HCFA TO WORK WITH YOU AND AM INTERESTED IN CONSIDERING WHATEVER ACTIONS ON OUR PART MIGHT BE APPROPRIATE.

MEDICAID

I KNOW THAT YOUR ORGANIZATION HAS BEEN DEVELOPING PROPOSALS FOR REMOVING SOME OF THE BARRIERS THAT HMOS FACE IN PARTICIPATING IN MEDICAID. AS YOU KNOW, I HAVE LONG SUPPORTED INCREASING THE OPTIONS THAT MEDICAID BENEFICIARIES HAVE AS TO WHERE TO RECEIVE SERVICES. PARTICIPATION BY WELL-RUN, REPUTABLE PLANS IS OBVIOUSLY KEY TO THAT EXPANDED CHOICE.

WITH YOUR EMPHASIS ON EARLY INTERVENTION AND PREVENTIVE MEDICINE, HMOS COULD PLAY AN IMPORTANT ROLE IN REDUCING INFANT MORTALITY AMONG HIGH-RISK, LOW-INCOME WOMEN ON MEDICAID. I LOOK FORWARD TO RECEIVING YOUR RECOMMENDATIONS AND WORKING WITH YOU TO IMPROVE THE MEDICAID PROGRAM.

MEDICARE

I AM EXTREMELY DISAPPOINTED WITH THE MEDICARE RISK-BASED CONTRACT PROGRAM. THE CONGRESS THOUGHT WE SUCCEEDED IN DESIGNING A PAYMENT SYSTEM THAT RESPONDED TO YOUR PREPAID METHOD OF PROVIDING CARE. NOW, ALL I HEAR IS COMPLAINTS.

PLAN AFTER PLAN IS DROPPING OUT. I AM TOLD THAT THE RATES SET BY THE HEALTH CARE FINANCING ADMINISTRATION ARE TOO LOW AND THAT MANY PLANS ARE POORLY MANAGED. WHATEVER THE REASONS, THE PROMISE OF MEDICARE BENEFICIARY PARTICIPATION IN HMOS IS NOT BEING FULLY REALIZED.

I AM UNDER NO ILLUSIONS THAT THE SOLUTIONS ARE EASY, BUT THE CURRENT SITUATION IS SIMPLY UNACCEPTABLE. I EXPECT TO CONDUCT HEARINGS THIS SPRING TO LEARN MORE. I WANT YOUR ASSISTANCE IN MAKING WHATEVER REVISIONS ARE NECESSARY TO MAKE THE PROGRAM A SUCCESS.

CLOSING

THE AGENDA OF THE 101ST CONGRESS IS PACKED WITH HEALTH MATTERS, SOME IMPORTANT AND SOME URGENT. THE CONGRESS IS READY TO WORK WITH OUR NEW PRESIDENT AND SECRETARY. I AM CAUTIOUSLY OPTIMISTIC THAT WE WILL MAKE SIGNIFICANT PROGRESS. I LOOK FORWARD, AS ALWAYS, TO WORKING WITH YOU.

THANK-YOU.